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FEDERAL ROLE IN URBAN PROBLEMS

E. J. LOGUE

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December 13, 1966  
3:00 P.M., Room 318  
Old Senate Office Building  
Washington, D. C.

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Statement of : Edward J. Logue, Administrator  
Boston Redevelopment Authority

Before: The Sub-Committee on Executive Re-Organization  
of the  
Committee on Government Operations

FEDERAL ROLE IN URBAN PROBLEMS  
THE UNITED STATES SENATE

The American people are just beginning to focus on the desperate problems of our central cities. Slowly, reluctantly, they are facing the fact that there is a cancer in too many of them which is growing with frightening rapidity. It is only quite recently that the pundits of press, radio and television and indeed of the academic world have focused their serious attention on the slum ghettos of our major urban centers.

Very few Americans are aware of the extent to which their own national government is responsible, albeit accidentally, for much of the plight of the cities and of the urban poor.

1. For thirty years our suburban oriented national housing policy has helped to weaken cities by discouraging private housing investment in them and encouraging the most economically healthy and productive families to leave the city. We are reaping the consequences of so dividing our urban dwellers so that it is almost a badge of failure to have to admit to living in an older central city neighborhood.



Clearly, no President and no Congress ever intended the forward thrust of a suburban oriented housing program to have such catastrophic consequences. Yet they have occurred, they are occurring and they will continue to occur, despite the best efforts of Secretary Weaver, until a clear Congressional mandate changes the direction.

2. After thirty years our federally aided public welfare programs, which were intended to give dignity and hope to the poor and distressed, have become a hand-to-mouth dole, more disruptive of family life and of incentive than we can easily reckon.

3. Our internal revenue code discriminates against the small home owner and in favor of the slumlord.

4. Our thirty-odd year old philosophy that Washington knows best, that the cities and states are not to be trusted to use their own discretion, has created a vast advice-giving, project-application-reviewing bureaucracy in too many of our federal aid programs. The attitude is more appropriate to the time of Lincoln Steffens than today. It is stifling local initiative, keeping young talent away from local government, and stretching out local performance schedules.

I think we must applaud the ingenuity, or perhaps the ingenuousness of the Office of Economic Opportunity, for its initiative in gathering the whole multi-departmental urban aid business in to a 414 page "Catalog of Federal Programs for Individual and Community Improvement."

While we local types are glad to have this ready-made map to the federal treasure trove so easily available it does raise rather directly the question of whether there is not a simpler, more direct way of



achieving these laudable objectives than to put C. Northcote Parkinson in charge of all local progress for the Federal Government.

5. Our national revenue policies, by which the federal government keeps to itself, or to its discretion, the entire proceeds of a national income tax, are requiring city governments to survive and get along on a starvation diet, underpaying their help, unable to recruit skilled talent at the entrance level, unable to educate adequately the children of blighted areas whose need is so desperate, but hardly able to keep the streets clean, to light them or to patrol them adequately.

6. Our national priorities are showing TILT.

As if it were not difficult enough to have our cities starving for revenue, free to beg for aid in a ritualized way, we now find that the much talked about federal cupboard is fast emptying. All of the programs of city aid are and indeed have been underfunded. The legislation never reads as perhaps it should that the law in question will only serve a quarter or a half of the need. The money is going elsewhere to science and space efforts whose fallout of benefits to the slum is rather low.

7. Our Supreme Court is making the promise of the Bill of Rights come true for all of our people, but the fulfillment of these rights costs money and the court has no power of appropriation. I believe the Court has acted wisely, and considering its full history, slowly. How long can we defer the question of our national willingness to pay the cost of achieving these long-deferred national goals?

8. Slowly, with the gracious help and leadership of





Mrs. Johnson and the aroused concern of many others, we are becoming aware of the threat to the beauty of our land.

Is there a man or a woman alive in America today who can say that as a nation we are preserving the beauty of this land for our children and their children. Whether it be suburban tract developments or highway billboard signs, we find that the federal government turns up oftener on the side of disfigurement than of beauty.

In a country growing ever larger and in a world becoming ever more complex, I think it behooves us to find ways to strengthen democracy at the grass roots - at our local and state governments.

In our world, if we are serious about it, that means making resources available to them to do what they be able to do and trusting them enough, if you will, to allow them to make mistakes. The voters are close and watchful and can be counted on to take the appropriate steps to protect their interests.

These comments of mine, Mr. Chairman, are intended to be responsive to the questions you propounded at the outset of these hearings. (see Page 4a)

I think the answers add up to a resounding yes.

I consider that your subcommittee is performing a signal service to our nation in conducting this wide-ranging set of hearings. You are bringing a freshness of outlook, a breadth of concern which has long been missing from the Congressional approach to the urban crisis.

It is not my purpose here to attempt to restate in some new way the problem you have already had described so eloquently and in so many



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Reorganization of the Committee on Government  
Operations, August 15 and 16, 1966, Part I:

Important Questions of Federal Policy

For example, have urban aid programs been too diffused and uncoordinated to guide the process of urban development?

Are the techniques of our city aid programs obsolete and limited? Do they reflect the needs and conditions of national life a generation ago, and not the needs of modern America?

Is the effectiveness of the programs that do exist hurt by division of authority among many agencies, and many levels of government?

Most serious of all, do the goals of major Federal programs conflict--some working to revitalize the central city, some encouraging new urban clusters, some causing regional sprawl?

In short, do we have a clear, constructive national strategy geared toward the improvement of our cities? If not, what steps must we take to obtain it?



diverse ways. Nor is it my purpose today to castigate individuals or departments as villains. All of us in America, and particularly those of us in positions of public responsibility, must share the blame.

What, in fact, is at fault, is the system and the order of priorities that we have established.

I am concerned too, that in the search that we are making for new approaches we not ignore the remedies we already have.

Urban renewal in my judgment is the best and most successful approach yet devised for improving the physical environment of our cities, yet because of its shortcomings it is now becoming fashionable both here in Washington and in some academic circles to say the program should be downgraded. I believe it has been administered with imagination and sensitivity, particularly under Secretary Weaver's leadership.

The basic reason for the lack of greater success for urban renewal lies right here in Washington, but not at HUD. The funding is so entirely inadequate that the federal officials are in effect forced to run a rationing operation. They simply cannot open up the throttle and give maximum encouragement to local initiative. If they did they could finish a year's work in six months and incur the wrath of the Budget Bureau and the Appropriations Committees. Instead, Budget Bureau rationing strings out the available resources for almost a whole fiscal year.

It is impossible for me to overstate how much continuous underfunding and short term program commitments have hobbled the urban renewal program and blunted its promise. I deeply believe the time has come



for a fundamental re-examination of the basic premises on which our aid programs have been established. I believe this is important not only for reasons of efficiency and economy, but to strengthen the ebbing vitality of too many of our local governments.

I would like to offer some specific and I hope constructive suggestions but first I would like to make some comments on three cities I have been intimately concerned with.

For the last twelve years I have been principally responsible for the administration of two comprehensive city development programs, first in New Haven and now in Boston. In each urban renewal was the basic Federal urban aid program. This year I have been serving as Chairman of a study group on housing and neighborhood improvement in the City of New York at the invitation of Mayor John Lindsay. In our report we also recommended that urban renewal be the keystone of a new program of housing, planning and development for New York.

I think it is important to recognize that urban renewal as practiced in New Haven and Boston and as recommended for New York, emphasizes rehabilitation, community facilities, relocation housing and citizen participation in both planning and carrying out the programs. I will predict to you that this kind of urban renewal will be the hallmark of successful model city programs. I think it is significant that both New Haven and Boston were pre-OEO pioneers in establishing poverty programs and that paralleling our New York Study group was another one on Human Resources headed by Mitchell Sviridoff.





NEW HAVEN

You have already heard the testimony of one of our nation's most distinguished public servants, the Honorable Richard C. Lee, of New Haven. By sticking to his job thirteen years, by insisting on a broad program, by making the people part of it, by demanding quality and by hiring talent, he has come nearer than anyone else to demonstrating that the central city can be remade. His city is in fact a demonstration city. Every single concept of the Demonstration Cities program has been put to work in New Haven and it can give us all hope that our cities can be renewed humanely and with style. For that we are all in Dick Lee's debt. I have many personal reasons for returning frequently to New Haven and what I see there gives me renewed strength and confidence that we can make a go of it.

So much of your testimony has perforce been negative that I would like to suggest that you hold one of your sessions in New Haven so that the people of our nation can see that progress on a large scale is possible and does make a difference. For me the greatest indication of the success of the New Haven program is not in the renewal areas, but outside. I see houses and neighborhoods that should by experience elsewhere be deteriorating, but in fact are not. This is the most important lesson of New Haven, that confidence can be restored, the cycle of blight broken and a cycle of improvement substituted.

BOSTON

In Boston we started after New Haven, but we are fast catching



up. Boston is not only larger but more difficult in many ways. Yet today in Boston we have well underway the largest active urban renewal program in the nation. This new program began with the election of John F. Collins to the office of Mayor in 1959. In seven years an atmosphere of confidence has replaced the doubt and uncertainties of former years. Our development program map shows how all-embracing it is. I shall file with the committee a summary of what we have under way.

I am concentrating on physical development though we recognize and indeed have pioneered in social renewal programs. You will note that our effort is balanced. We are at work downtown trying to restore our economic and employment base and encourage private enterprise to participate in the renewal of the city. It is becoming fashionable these days to say that urban renewal should stay out of business districts. Nothing could be more misguided. Manhattan and Washington may see growth without urban renewal but very few other older cities will. We must create the jobs downtown. We must expand the tax base downtown, not to mention keeping it from eroding.

In area and in terms of people involved, the major thrust of our program is residential rehabilitation. Over 100,000 Bostonians live in areas where urban renewal plans are already approved and being carried out. This is one-sixth of our population. You will be pleased to know that despite our many problems, confidence is being restored in those neighborhoods, properties are being improved and the future looks brighter.



We believe in large projects; there is the same amount of processing for a little one as a big one.

We believe in maximizing rehabilitation; 75% or more of the dwelling units in our Boston urban renewal areas are scheduled for rehabilitation. Among other things this preserves the fabric of neighborhood life and organization in a way that the bulldozer approach clearly does not.

Our plans usually provide for one new dwelling unit for every one torn down and our preference is for 221-d-3 relocation housing developed by non-profit sponsors, plus public housing for the elderly. We look more to rent supplements and to housing rented by the Housing Authority than to public housing projects to provide housing for lower-income families.

The average area in which we carry out urban renewal is a deficit area in community facilities, from schools to sewers, from branch libraries to street lights and street trees. It is below standard. Our plans, therefore, call for sufficient community facilities to remedy this deficiency. We are way behind in our school building operation, partly because of administrative difficulties which have now been overcome and partly because of a dispute about our racial imbalance law.

Despite some colorful and rambunctious public hearings the record over six years is clear that these programs have deep and continuing community support.



One important reason for this is that the plans are developed in close and continuing consultation with the community residents. We have a staff and an office in each community and it is the project staff's responsibility to work with the community to develop a program that they will support and that we can support as well. It takes a lot longer that way, but the results prove it is worth it.

You do not have the time today to have a detailed review of each of our projects and so I should like to show you briefly some material we have on Washington Park, our first neighborhood renewal project.

On behalf of Mayor Collins and Monsignor Francis J. Lally, the distinguished Chairman of our Redevelopment Authority, I should like to extend an invitation to your Honorable Subcommittee to visit Boston for a first-hand look at our successes and at our problems.

Our aim in the renewal neighborhoods is very simply stated. We want to see a level of services and facilities, a sense of stability and confidence in the future of the neighborhood that will encourage people who can afford a choice to remain. The erosion of neighborhoods because of lack of confidence in their future is one of the half-dozen most important facts about inner city life today. Too few are here voluntarily. Too many are ready to leave at the first opportunity.

There have been many people who have helped to create the new climate in Boston in the last seven years. However, it is clear in Boston that the man principally responsible is our extraordinary Mayor John F. Collins. It was he who raised our sights, he who





provided the leadership, he who had the courage and the determination. If there is one man who has been indispensable, he has been that man. I say that proudly because of the high regard in which I hold him and the satisfaction I have had in working with him. But I say it regretfully as well. The cities of our nation are going to get a lot worse if we have to have super-mayors in order to turn them around. There are just not enough to go around.

I should like to place in the record a statement made by Mayor Collins at the recent annual meeting of the National League of Cities which was promptly adopted by that body as an eloquent expression of its own sentiments.

Mayor Collins' remarks have the freshness you are seeking. I think you will find them both perceptive and pertinent.

As an experienced veteran of the battle to save our cities he makes clear both the urgency of a national commitment to this effort and the need to bring into play the whole range of American public and private enterprise. As a man whose credentials in the urban struggle are outstanding, his insistence that we must broaden the effort beyond City Hall deserves the closest attention. You will note his call for new devices and new forms to deal with problems beyond the capacity of purely local government.

#### NEW YORK

During the last year at the invitation of Mayor John Lindsay, I chaired a study group that looked at the problems of housing and neighborhood improvement in New York City. I will not attempt to summarize our findings, but I should like to place in the record of these



proceedings our report entitled "Let There Be Commitment" and two individual reports made by members of the group, "Planning and Design In New York" by David A. Crane and "Publicly Assisted Housing" by William L. Rafsky.

I think they are constructive and practical and can make a significant difference in New York. Mayor Lindsay has acted promptly and decisively to implement major portions of our recommendations. As the subcommittee is aware, John Lindsay in the past year has, to an unusual and indeed to an unprecedented degree, insisted on the urgent necessity of overhauling the structure of New York City government. He has also sparked fresh approaches to old programs and rekindled hope in the governability of our largest city. He is another outstanding example of that breed of outstanding mayors who have the boldness, the courage, the sense of urgency and commitment so necessary to get our cities moving forward again.

Senator Kennedy just announced proposals for Bedford-Stuyvesant offer a unique opportunity for a community-based effort to cooperate with the city government and the business community on a large scale and broadly conceived effort in which the community itself will have the major role. I congratulate him on his own sense of commitment. I know that Senator Javits has also demonstrated his concern over these problems and working together with Mayor Lindsay I know they will be able to accomplish things that only a short while ago seemed impossible. I feel honored to have some small role in the months ahead in helping to realize the potential of this significant trailblazing new approach.



Even a proposal as broad as Senator Kennedy's and the united effort that he, Senator Javits and Mayor Lindsay are making, will not eliminate the necessity for a major input of federal funds into Bedford-Stuyvesant. However, the efforts now under way by the city and the community will tend to give confidence to the Congress and to the Executive Branch that the large scale federal investment required will quickly bring proportionate and widely shared benefits.

I have skimmed too quickly three cities. I am aware that I have not treated any of them with the breadth or depth they should have. However, I should now like, with this background, to make comments and recommendations for your consideration based on such experience as I have had. I start out in a word with the conviction that urban renewal properly conceived, executed and funded can be a satisfactory basic tool for the physical renewal of our blighted urban areas. To be truly effective, it must be coordinated with effective programs of education, manpower training and social renewal. These must be adequately funded with a maximum of local discretion.



The first comments and recommendations I will make concern the precise target areas of this committee's executive re-organization.

1. Limited Executive Re-organization

A new separate Education Department

A new National Urban Council

My suggestions for major departmental re-organization are quite limited.

I have only one structural change to suggest. I believe consideration should be given to creating a separate Department of Education. We are one of the few nations which does not have one and the federal government is the only level of American government which does not establish education as a separate function.

Concurrently, however, I would recommend the creation of a National Urban Council, deliberately patterned after the National Security Council, as a policy review body serving the President at the highest level. We have never even had a White House junior staffer with that assignment unless he was so anonymous that he escaped our attention altogether.

Otherwise, I would keep the structure we have but keep it from expanding. A lot of the decisions made here could be made just as competently and a lot faster locally.

2. Organization of the Congress

It seems to me to be indicative of the low priority the city





problem has in the Congress that for all of our housing and renewal programs we are relegated to subcommittees, which dedicated though they are, are not dealing with the principal business of even that committee.

I would urge that your committee consider the desirability of recommending the establishment of House and Senate committees on Housing and Urban Development as major standing committees.

### 3. Funding State and Local Governments

I do not think anyone in this nation knows the extent to which local and state government, but particularly inner city government, is underfunded. I would propose that over a period of five years we attain a level of \$15 billion a year of general aid to be divided among our state and local governments with an extra measure made available for our city governments. A lot of money, but not much when compared with sums that have been tossed around lightly.

But please don't send Parkinson along with the money to tell us how to spend it. If we are to restore vitality to state and local government we must treat them as adults and not nursemaid them. We are as honest as you are, and as capable as you are, and we know our own needs better.

If the war continues and the costs increase then I propose that the monies required be raised by an increase in corporate and personal income taxes. If war expenditures decline this and much more can be



made available through normal annual expansion of income tax revenues.

I hardly dare think of what such a program might mean to us.

We could make our cities clean.

We could patrol our streets comfortably.

We could pave and light our streets and adorn them with trees.

We could enforce our codes.

We could keep our branch libraries, the study halls of the poor, open oftener and later.

We could do wonders with our schools.

We could do with style and spirit all the things we now seem to do meanly and not too well.

Give us this and we can see an early end to all but the most urgently needed renewal.

Give us this and we will be as clean and comfortable as we are here today.

But let us do it our way. Trust us. Make us strong. America has nothing to fear from strong and competent local government.

#### 4. A Shift in Priorities Cutting Back the Space Program

There appears in the administration and the Congress to be a conviction that we cannot afford guns and butter and space. So far, it is President Johnson's Great Society Programs which are at the bottom of the totem pole.



Important as it may be to put a new town on the moon, it is not nearly as important as bringing new life and hope and a sense of belonging to millions in the ghetto. The nonsense put out by the space fans about the fallout of benefits to city dwellers is reminiscent of the trickle-down theory associated with Herbert Hoover.

I propose that we cut back the space program to a holding operation until we can say we are winning the war on poverty and slums.

We have trained a vast host of space technicians in less than a decade. Let us use the same systems approach and the same sense of urgency on the slums. It just might work. It would be interesting to see what James Webb could do if Secretary Weaver were to appoint him as National Slum Renewal Administrator and the President were to give him as much of the NASA budget as he needed.

Ridiculous. Absurd. Maybe. But if we are going to keep on putting the moon ahead of the ghetto should we not have the courage to go into the slums and gather the children around us and explain that things were not going to get better just yet because we had to win a race to the moon and then heaven alone knows where after that.

##### 5. The Internal Revenue Code

The Internal Revenue Code, accidentally to be sure, works in many ways to promote the growth of slums. Let me cite just two examples and make two suggestions.

The small home owner cannot deduct the costs of rehabilitation from his taxable income.



The slum lord can deduct depreciation from his slum property on an accelerated basis even though he does not put in a dime's worth of repairs and his place has more violations than there are sections in the internal revenue code.

Why not allow the homeowner to deduct the cost of repairs up to \$1000 a year. The worst that can happen is that he will over improve his property and it is not clear to me what is wrong with that.

Why not refuse the slum lord a depreciation allowance unless he can show a certificate that his property is in compliance with all codes (and perhaps that his local taxes are paid as well).

The Congress clearly never intended the present result. It should be changed.

#### 6. Public Welfare Programs

Despite the proclamation of national policy in the statement of legislative intent our federally aided public welfare programs are, in the judgment of many informed observers, perpetrating the poverty cycle in our slums.

Welfare budgets are supposed to provide families with a decent minimum level of subsistence. In fact they do not. Most welfare families are kept on such a low level as to all but destroy incentive.

Welfare is intended to provide decent housing. In fact the hands off attitude about the quality of housing has poured billions of dollars into the pockets of slum lords.





Intended to preserve the family, welfare has too often had the consequence of encouraging family breakup.

Opportunities for part-time employment on work training need to be encouraged.

I know how strongly Senator Ribicoff felt about the shortcomings of our welfare program as Secretary of Health, Education and Welfare.

I should just like to say for the record that I hope the Congress and the Executive will give early and favorable consideration to the important report and recommendations of the Advisory Council on Public Welfare, published June 29, 1966.

Today's welfare programs are having a frequently negative impact on the slum dweller. It is my considered judgment that the prompt adoption and implementation of these recommendations, would have a direct and enduring favorable impact on our urban poor.

#### 7. Substitution of Block Grants for Specific Aid Programs

The OEO catalogue's 414 pages should become obsolete as soon as possible. There has now been sufficient experience with reviewed programs to evaluate their performance. I believe the time has come to provide the municipality with a lump sum each year to spend for specified purposes, equal to what it would have received on separate programs, and just audit the results for integrity and competence.

Performance will be improved, imagination freed, costs lowered and local government strengthened.



## 8. Equilibrium Between Rhetoric and Resources

There is an imbalance today between the rhetoric of the Great Society and the resources available to achieve its objectives. I believe the enthusiasm is understandable considering the amazing progress made in such a short time. However, I believe a balance must be created or we risk raising hopes and then dashing them, and this is surely no time for that.



9. Good Design Should Be Good Politics for the Federal Government

It is hard to realize it today but 150 years ago, particularly in New England, Americans were creating some of the most beautiful human settlements the world has ever known. We have not won any prizes for that recently.

Instead we seem to have made sacred the right of every man to squeeze the maximum profit out of his property in total disregard not only of his neighbor but of the community as well. We have raised the right to be ugly to the level of the Bill of Rights.

There are few urban spaces in America which send the spirit soaring. It is not that we as a people have chosen ugliness, it is just that we have not cared.

Deep down inside we know there is a better way, and our search for it has created a balance of payments problem. By the millions American tourists have gone to Europe to walk the streets of ancient cities, to linger by a glorious fountain, to rest on a piazza bench and watch the world go by.

Our national government has been unintentionally promoting ugliness with thoughtless enthusiasm for thirty years.

F. H. A. since 1935 has encouraged the spoilation of more countryside for humdrum tract development than we will ever catch up with. When we think of the population we apparently must provide for by the end of this century a continuation of present subdivision policies is fully on a scale to make one tremble. I hope you will have one of



your sessions in the new town of Reston, Virginia, and see the marvel that Robert E. Simon has wrought. In fact, I would urge that you go further afield to see the results of new town planning and orderly city development, particularly in Scandinavia and Great Britain. So far as I know Congressional travelling abroad has never had as its purpose the examination of cities for themselves.

Secretary Weaver is trying very hard to bring design to its proper importance in his Department, but it is an uphill struggle. He needs a Congressional mandate not only to foster good design, but to actively discourage bad design. I hope it is not utterly foolish to say this. Surely we have learned by now that ugliness is the natural by-product of unconcern.

The United States Government has two big building agencies. For some reason never clear to me we have chosen to export good design and provide ourselves with mediocrity at home. Specifically, the Foreign Buildings Operation of the Department of State has created some of the world's most distinguished architecture, a proud witness of America abroad. At home, including sad to state the State Department itself, the General Services Administration has been long on mediocrity in the design of its public buildings with significant exceptions too few in number.

The Federal government is a big builder. Its works should be an adornment to whatever community they are placed in. Would it not be possible for the Congress to state this as Congressional intent the next time a GSA appropriation comes by.





The Internal Revenue Code today operates to discourage good design and to encourage mediocrity. Accelerated depreciation encouraged quick-buck speculators aiming for a fast turnover and utterly indifferent to the visual impact on the community. If their callous disregard for the community did not appear in skyscraper form we perhaps might not need to be so concerned.

Since it is apparently inevitable that the Internal Revenue Code is going to have quite a lot to do with what our cities look like, should we not seek ways and means to make it operate on the side of beauty? Should we not reward the developer who gave us a little open space, a fountain, a bench? Should we not allow an accelerated write-off off the extra cost of such amenities and of the undoubted extra cost of quality in design?

Should we not make some income tax enticement allowances for old buildings which grace our streets and squares so that we can continue to enjoy them even though a glass box might under present rules bring a greater return?

Accidentally, to be sure, our national policies operate on the side of ugliness. It seems to me appropriate for the Congress to search out every opportunity to indicate its support for beauty in our environment.

Mrs. Johnson has certainly increased our national awareness of this problem. I hope we can all follow the lead she has so graciously given us.



# 10. Improving the Structures of our Cities.

I think it is only fair to say that the administrative organization of the average American city is totally inadequate for a serious program of physical and social renewal on the scale required. There is an opportunity here for striking new innovations, cutting apart from tired old structures that have broken down.

HUD has an opportunity to foster the development of truly fresh and imaginative approaches to the problems of public administration in the ghetto in the demonstration cities program. Much more can be achieved this way than by the endless negotiations that could too readily become<sup>a</sup> hallmark of this promising new program. Beyond the ghetto the problem is still serious. Only a handful of cities have seriously considered how to organize themselves efficiently for their present day responsibility in planning, housing, renewal and related areas of human resource development.

# 11. Metropolitan Approach Needed

If anything should be clear by now it is that the central cities unaided cannot solve their ghetto problems. They need massive federal financial aid with a minimum of administrative restrictions. Good ideas flow as rapidly directly from Philadelphia to Boston as they do via Washington. And so do failures.

However, more than Federal aid is needed. The affluent suburbs must also play their part. They must take a share of the low-income housing and the relocation housing. Not so much as to disturb their equilibrium but enough to ease the concentration in the center city. Equally so



with new towns. They should be planned for the whole income range spectrum and not for those who already have comfortable incomes.

Think of the political obstacles in the face of such sharing and you may have to put off for another period the day when this imbalance in our society will end and our cities become healthy again.

Racial imbalance in the ghetto schools can be alleviated by bussing Negro children from the ghetto. We are doing this in Boston on a very limited scale involving seven suburbs and just under 300 children. The first three months indicate great success and potential for expansion. Again, no undue concentration in any one suburban school. While inappropriate for New York City, perhaps, this is a major opportunity for dozens of other metropolitan areas.

If our suburban friends are not willing to help out and if as the ghettos expand whites are still able to flee, we are going to have ghetto cities with consequences in hatred and strife that we will deeply regret.

Every day this problem of the ghetto is left principally to the center city to solve with inadequate resources - it will get worse - and with increasing speed.

I do not believe in metropolitan government and I hope I can remain with that conviction. Our municipal governments are our last hope that there is a level of government that can respond to our needs without putting us through a computer.

Nonetheless there are problems not only of racial balance, but of new towns, open space, air and water pollution, balanced transportation



which require metropolitan or regional governmental organization.

Each year such entities become increasingly necessary and their work less possible of achievement.

This is an area for our state governments to act more vigorously than any of them have to date and indeed in many areas an opportunity for effective interstate compacts.

## 12. The Private Sector

Not only has our private enterprise system stood apart from the ghetto, it has materially aided its growth and spread. The "sound" caution of bankers and insurance underwriters has done as much to discourage the maintenance of property by small homeowners as any other factor.

Similarly private enterprise has been unwilling to make substantial new investment in the ghettos without the full assistance of the urban renewal process.

Furthermore, it is clear that private enterprise has been indifferent to the quality of ghetto education despite the continuing need for more and more trained workers.

Finally, private enterprise has done only token hiring from the ghetto and has declined the burden of special intensive training that might bring the ghetto worker into the mainstream of the affluent society.

Each negative decision has a sound short range economic base.

The long range consequences are a major factor in the alienated disaster areas our ghettos have become today.





If the private sector were to say that it felt unable to do its share but indicated a willingness to pay its share of taxes for government to do the job, that would be one thing. I have not heard that said.

I believe that Development and Services Corporations such as Senator Kennedy announced over the weekend in Brooklyn can play a significant role in altering this trend. The most important ingredient in this approach is the willingness of men of extraordinary business talent to put that talent to work on behalf of the ghetto in cooperation with the leaders of that community. The specific benefits to the community are hard to predict this afternoon but the formula is sound and I am confident will be found workable.

I believe that locally-focussed development and services corporations are likely to be the most effective.

However, there is a role for national corporations allied with great industrial producers and major financial sources such as pension funds.

Though I am hopeful of the role that such corporations can play I believe there is another avenue which I know will be fruitful - the Internal Revenue Code.

The surest way to get a man or a business to do socially useful things is to make it a little more profitable than the routine things usually done.

I would urge that your subcommittee commission a study of ways and means by which the Internal Revenue Code could be amended to



stimulate investment in slum areas.

- Fast write-offs for investments
- Elimination of capital gain taxes for investments held long enough and kept properly maintained
- Puerto Rican style tax advantages for business enterprises locating in the ghetto
- Tax credits for contributions of time and talent as well as money for local school systems
- Tax incentives for taking on the responsibility of training unskilled ghetto workers
- Tax bonanzas to lending institutions which help set up ghetto residents to run their own enterprises.

Our private enterprise is unbelievably versatile as well as productive. It does not respond to rhetoric, it will respond to incentive.

I urge that every possible tax incentive be given private enterprise to join in the war against poverty.

This subject is not only inexhaustible, it is exhausting. I have taken enough of your time. I believe your Committee is doing our government and our people an extraordinary service. I thank you for allowing me to have my say.

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Logue, Edward J.

Statement of Edward J. Logue.

DATE

ISSUED TO

